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MEMORANDUM
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Director
Utilities Division

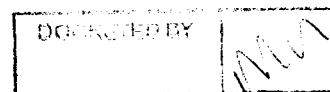
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CORP COMMISSION
DOCKET CONTROL

Arizona Corporation Commission

DOCKETED

OCT -1 2009

DATE: September 30, 2009



RE: BACA FLOAT WATER COMPANY - REQUEST FOR EXTENSION OF COMPLIANCE DEADLINE (DOCKET NO. WS-01678A-07-0116)

In Decision No. 69949, dated October 30, 2007, the Arizona Corporation Commission ("Commission") approved the application of Baca Float Water Company ("Baca Float" or "Company") for an extension of its existing Certificate of Convenience and Necessity for water service.

As part of Decision No. 69949, the Commission ordered the following:

"... Boca Float Water Company shall file with Docket Control as a compliance item in this docket, a copy of the ADEQ Approval to Construct the facilities needed to serve the first phase of development in the requested area within two years of the effective date of this decision."

Based on the October 30, 2007 date of Decision No. 69949 and the two year due date applied by the Commission to the Arizona Department of Environmental Quality ("ADEQ") Approval to Construct ("AOC") filing, the original due date for this item is on or about October 30, 2009.

On September 3, 2009, Boca Float docketed a "motion for extension of time to file compliance item", in which they requested an extension of time, until October 30, 2011, to file the required ATC as outlined above. As outlined in the application, the property once owned by W&M Tenants in Common ("W&M TIC") and Presidio de Tubac, LLC was sold to Presidio de Tubac Development, Inc. thereby consolidating ownership. On August 27, 2009, Mike Smith, Vice President, of Presidio de Tubac Development, Inc. ("Presidio Development") provided Baca Float with an updated request for service. This request was included as Exhibit A to the September 3, 2009 request for extension of time. The application for extension of time also stated that Presidio Development has "delayed its plans to begin constructing a master planned community in the CC&N extension area "due to the current economic downturn and associated slowing of the real estate market". The Company expects construction to begin in 2011.

On September 29, 2009, Staff contacted Mr. Jeffrey W. Crockett of Snell & Wilmer, attorney for Baca Float, regarding the filing. Mr. Crockett confirmed that the request for the extension of time was a function of the state of the marketplace. This is supported by Presidio Development's August 27, 2009 letter requesting service, wherein the developer states that it did

not anticipate this "world wide recession" and stated that it was currently "unfeasible" to proceed with new construction. Mr. Crockett stated that the proposed extension date of October 30, 2011, was based on the developer's new plan for construction, which anticipates the project proceeding in 2011.

Staff concludes that it is not unreasonable that the Company would seek an extension of time based on postponed development in this real estate market and in this economic downturn. Staff further notes that the extension request was timely filed and the application included an updated request for service from the new ownership, Presidio Development.

Based on the application and all of the above, Staff does not object to Baca Float's request for an extension of time to provide the ADEQ ATC on the facilities needed to serve the first phase of development in the area outlined in Decision No. 69949. Staff, therefore, recommends that the Commission due date for filing the required ATC be extended until October 30, 2011. Staff further recommends that no further extensions be granted in this matter.

EGJ:BKB:lhbm

Originator: Brian K. Bozzo

SERVICE LIST FOR:
DOCKET NO.

BACA FLOAT WATER COMPANY
W-01678A-07-0116

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